



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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August 9, 1999

CERTIFIED RETURN RECEIPT
P074 976 749

Dale Snyder
Absolute Mining and Minerals Inc.
1350 East 145 South
Lehi, Utah 84043

Re: Notice of Noncompliance, Absolute Mining and Minerals, Inc. (AMMI), Dolores River Placer Operation (UTU-72488), S/019/035, Grand County, Utah

Dear Mr. Snyder:

This letter is sent to formally notify you that your Dolores River Placer Operation, Division file S/019/035, is not in compliance with sections of the Utah Mined Land Reclamation Act 40-8-1 et seq (Act) and the Minerals Reclamation Program Rules sections R647-1 through R647-5. This operation is also permitted with the BLM as a Plan Of Operations under file UTU-72488.

On April 30, 1999, Division and BLM staff performed an inspection of this operation. A global positioning system (GPS) was used to measure the current amount of site disturbance. The GPS measurements gave an estimated surface disturbance of 6.15 acres. This figure is considered to be a conservative estimate of the actual surface disturbance, since isolated islands of disturbance were not included in this measurement.

On June 21, 1999 the Division sent a certified letter to you identifying the unpermitted expansion beyond five acres and describing measures you would need to take to remedy the situation. The letter required action on your part within 30-days of your receipt. The postal receipt identified this letter as being received on June 28, 1999. The Division has not received any written, or verbal communications from you, or your agent regarding this matter.

Finding of Non-Compliance

1. The AMMI Dolores River Placer Operation has exceeded the five acre disturbance threshold for small mine operations without proper permitting as a large mine operation as required by section 40-8-13 of the Act and section R647-3-113 of the Minerals Rules.

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2. As a large mine operation AMMI has not posted a form and amount of reclamation surety acceptable to the Division as required by section 40-8-14 of the Act and section R647-4-113 of the Minerals Rules.
3. AMMI has not responded to the Division letter dated June 21, 1999 which identified the non-compliance situation and offered measures to remedy the situation. AMMI appears to be evading the Act and Minerals Rules in a willful and knowing manner, and is subject to section 40-8-9 of the Act.

Location of Non-Compliance

The AMMI Dolores River Placer Operation is located adjacent to the Dolores River in the NW 1/4 NE 1/4 section 11, T23S, R24E, SLBM, Grand County, Utah.

Mitigation Requirements

1. AMMI must submit an acceptable interim reclamation surety to the Division in the amount of \$15,375 within 15 days of your receipt of this Notice of Non-Compliance. This interim surety amount is based on applying an average reclamation cost of \$2,500 per acre to the estimated 6.15 acres of disturbance at the Dolores River Placer Operation site. This interim surety may be increased or decreased to reflect third party costs for reclamation as described in the future large mine operation notice of intention (LMO-NOI).
2. AMMI must submit a completed LMO-NOI application to the Division within 60 days of your receipt of this Notice of Non-Compliance.

Consequences of Continued Non-Compliance

1. AMMI's failure to comply with these mitigation requirements within the time frames specified in this Notice will result in issuance of a Notice of Agency Action. This action may require you to appear at a formal hearing before the Board of Oil, Gas and Mining. After Notice and Hearing, the Board will issue an abatement or compliance order which may require: suspension or termination of all mining operations, immediate reclamation of all mining-related disturbances, and/or other lawful requirements as authorized under the ACT.
2. The Board may choose to bring suit against AMMI in a local court seeking restraining orders, injunctions, and /or the judicial assessment of appropriate civil penalties, not to exceed \$10,000 per day for each willful and knowing violation of the Act.

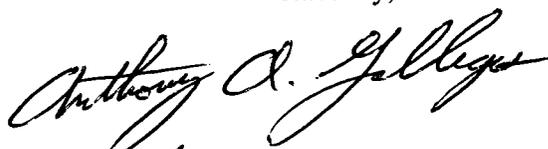
Enclosed is a LMO-NOI form to assist you in completing item two of the mitigation requirements. You will need to contact the Division for the specific form of acceptable interim surety (surety bond, irrevocable letter of credit, certificate of deposit). Please be advised that compliance with the Division's

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mitigation requirements may not necessarily relieve you from also complying with permitting requirements of the BLM.

If you wish to contest this Notice of Non-Compliance, you may contact the Division to schedule an informal hearing before the Division Director or Associate Director, and members of the Minerals Program staff. Please contact Tiffini Moss, Executive Secretary, at (801) 538-5304 if you choose to arrange an informal hearing. If you have any questions regarding this Notice you may contact me at (801) 538-5286 or Tony Gallegos at (801) 538-5267.

Sincerely,



Anthony D. Gallegos

for
D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
Enclosure: LMO-NOI form
cc: Patrick O'Hara, Assistant Attorney General
Bill Stringer, Asst. Field Manager, BLM, Moab Field Office
Mary Ann Wright, Associate Director, DOGM
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